

Consumers Illinois Water Company	:	
	:	03-0403
General increase in water rates for	:	
the Kankakee Water Division.	:	

### **ADMINISTRATIVE LAW JUDGE'S RULING**

**Submitted By: Jack Schreyer, Manager of Rates (610) 645-4237**

#### **285.7050 Schedule G-9: Comparison of Budgeted Non-Payroll Expense to Actual**

Section 285.7050(c) requires that "[s]upporting work papers shall include explanations for percentage differences of 15% or more identified in subsection (b)(14)." That subsection applies to "Percentage change for difference between budgeted and actual nonpayroll expense in prior year." Section 285.7050(b)(14).

The Company has reported variances exceeding 15% on page 5, lines 5, 7, 9, 10, and 15; and page 6, lines 3, 5, 8, 9, 10, 11, 14, and 15. It should now provide the required explanation for each of those variances.

Answer:

Attached please find revised Schedule WP-G9, Pages 1 and 2.

**CONSUMERS ILLINOIS WATER COMPANY**

Kankakee Water Division

Rate Case Docket No. 03-0187

Proposed Test Year Period: Future

Period Reported: 2002

Workpaper

WP-G9

Page

1 of 2

Person Responsible:

J. Schreyer

Revised

## Comparison of Budgeted Non-Payroll Expense to Actual

Explanations for percentage differences of 15% or more:

**Schedule G-9, Page 1 of 2 (TOTAL COMPANY):**

**Contractual Services - Engineering (23.68%)**

Lower than budgeted expense in the engineering department is due to a reduction in headcount.

**Contractual Services - Legal 66.07%**

Due to unexpected additional legal expense for Woodhaven and Candlewick divisions due to collection efforts.

**Contractual Services - Other 24.31%**

Higher than anticipated outside resources required to operate and maintain three wastewater treatment plants, numerous well installations and twenty five lift stations in Will County, in part due to the death of an employee.

**Lease Expense 24.62%**

Company chose to lease on a short-term basis equipment required for increased construction activities.

**Miscellaneous Expense (147.11%)**

More capital labor - intensive capital projects resulted in higher than budgeted capitalized overheads. Gas Heat, contributions, postage and advertising expense favorable to budget due to expense control.

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Page

2 of 2

Person Responsible:

J. Schreyer

Revised

## Comparison of Budgeted Non-Payroll Expense to Actual

Explanations for percentage differences of 15% or more:

**Schedule G-9, Page 2 of 2 (KANKAKEE DIVISION):**

**Chemicals 16.13%**

Increased chemicals a function of higher than budgeted water pumpage in summer due to extreme weather conditions.

**Contractual Services - Engineering 100.00%**

Budget dollars are in total company account, not Kankakee division.

**Contractual Services - Management (17.74%)**

Management fees (PSC) is a corporate allocation and expenses came in lower than anticipated.

**Contractual Services - Other 36.82%**

Kankakee maintenance crew worked more on on capital projects than budgeted, so outside service contractors were used to support general maintenance for the division.

**Lease Expense (16.20%)**

Over-budgeted water treatment rental equipment.

**Transporation Equipment 48.18%**

Due to an aging truck fleet, unexpected vehicle maintenance was necessary to maintain fleet.

**Bad Debt Expense 38.54%**

Higher than anticipated amount of write offs in the Kankakee area due to economic factors such as job layoffs, unemployment, etc..

**Miscellaneous Expense (246.24%)**

More capital labor - intensive capital projects resulted in higher than budgeted capitalized overheads.